

## 2014 SHORT-TERM DISABILITY PROGRAM CHANGES

Effective January 1, 2014 the short-term disability program sponsored by the Hanford Employee Welfare Trust (HEWT) will change. This change affects all non-bargaining participants in the HEWT. In addition, this change also affects all bargaining participants in the HEWT and was agreed to in the recent Collective Bargaining Agreement contract ratification. Please read the following information carefully.

Because you are eligible for this benefit, **you will be enrolled automatically** in the short-term disability program. Upon implementation:

- This program provides you with 60% of your base salary if you are absent from work for an approved, non-work related injury or illness.
- Your employer will now cover 50% of your monthly premium for this benefit. You will be responsible for the remaining 50% of the premium.

If you decide you do not want to be enrolled in the short-term disability program:

- You must opt-out of the program during the open enrollment period; otherwise **you will not be eligible to make changes to your enrollment until the next open enrollment period (October/November 2014).**
- You will not be eligible for short-term disability benefits if you have an accident or illness that requires you to be off work for an extended period of time.

These changes do not impact your enrollment in or eligibility for the long-term disability program. You will continue to be enrolled in the long-term disability program at no cost to you.

### What's changing?

#### Current STD Program

100% employer paid premium  
65% income replacement  
Automatic enrollment  
No Pre-Existing Condition clause

#### STD Program Beginning January 1, 2014

50% employer paid premium / 50% employee paid premium  
60% income replacement  
Automatic enrollment with an option to opt-out  
Pre-Existing Condition clause

### What is Short-Term Disability?

As an eligible employee, if you become disabled due to a non-work related injury or illness (including pregnancy), you are eligible to receive benefits equal to 60% of your weekly base pay rate up to a maximum weekly benefit of \$4,000. To apply for short-term disability benefits, you must be enrolled in the program and complete a claim form, which includes portions for you and your doctor to complete. Short-term disability benefits begin on the 8<sup>th</sup> calendar day after the start of the disability (1<sup>st</sup> day if you are hospitalized) and continue up to a maximum of 26 weeks.

### How much does it cost?

You pay for 50% of the monthly short-term disability premiums with after-tax dollars. However, the cost of the program is based on your individual salary. For 2014, the total monthly short-term disability rate is \$0.588 per \$100 of your base salary. Therefore, your 50% share of the monthly premium would be \$0.294 per \$100 of your base salary.

**Non-Bargaining Employee Example:** A non-union employee with a salary of \$50,000 electing the short-term disability program

Base Salary	\$50,000
Divide by \$100	$\$50,000 / \$100 = \$500.00$
Multiply by Rate (\$0.294) to calculate the annual rate	$\$500.00 \times \$0.294 = \$147.00$
Divide by 26 bi-weekly payrolls in a year	$\$147.00 / 26 = \$5.65$
Employee's bi-weekly payroll deduction based on a \$50K salary	\$5.65

**Non-Bargaining Employee Example:** A non-union employee with a salary of \$75,000 electing the short-term disability program

Base Salary	\$75,000
Divide by \$100	$\$75,000 / \$100 = \$750.00$
Multiply by Rate (\$0.294) to calculate the annual rate	$\$750.00 \times \$0.294 = \$220.50$
Divide by 26 bi-weekly payrolls in a year	$\$220.50 / 26 = \$8.48$
Employee's bi-weekly payroll deduction based on a \$75K salary	\$8.48

**Bargaining Employee Example:** A union employee with a salary of \$50,000 electing the short-term disability program

Base Salary	\$50,000
Divide by \$100	$\$50,000 / \$100 = \$500.00$
Multiply by Rate (\$0.294) to calculate the annual rate	$\$500.00 \times \$0.294 = \$147.00$
Divide by 52 weekly payrolls in a year	$\$147.00 / 52 = \$2.83$
Employee's weekly payroll deduction based on a \$50K salary	\$2.83

**Bargaining Employee Example:** A union employee with a salary of \$75,000 electing the short-term disability program

Base Salary	\$75,000
Divide by \$100	$\$75,000 / \$100 = \$750.00$
Multiply by Rate (\$0.294) to calculate the annual rate	$\$750.00 \times \$0.294 = \$220.50$
Divide by 52 weekly payrolls in a year	$\$220.50 / 52 = \$4.24$
Employee's weekly payroll deduction based on a \$75K salary	\$4.24

Because you are paying for half of the premium with after-tax dollars, 50% of any short-term disability benefits you receive would be tax free.

### **Can I use my Personal Time Bank (PTB) with Short -Term Disability?**

You may use your Personal Time Bank (PTB) during the seven-day waiting period before short-term disability benefits begin. You are not required to use all of your PTB (sick and/or vacation) before receiving short-term disability benefits. In addition, your employer will allow you to use your PTB hours with your short-term disability benefits. For example, if you are approved and are receiving short-term disability benefits equal to 60% of your base pay rate, your employer will allow you to use your PTB leave to supplement your income up to 100%. If you choose to supplement short-term disability, you must use enough PTB each week to bring your total to 100% of pay.

### **Can I use my Supplemental Disability Bank with Short -Term Disability?**

If you were hired prior to December 31, 1997, you may have a balance in a short-term disability Salary Continuance bank. Employees who have a balance in this bank **will only be able to access these unused hours if they are enrolled in the short-term disability program**. If you have a remaining balance and choose not to enroll in the program, you will not lose these hours. They will remain in your bank and will be accessible if you choose to enroll in the short-term disability program in a subsequent year. Salary Continuance hours cannot be cashed out.

If you use the Time Information System (TIS) to record your hours worked, you may check your available Supplemental Disability balance here. Your balance is located at the bottom of the "Time Entry" screen under the header "Short Term Disability". If you do not use TIS, please check with your Human Resources representative.

### **What happens if I don't enroll in Short-Term Disability and have to miss work due to a non-work related illness or injury?**

If you do not enroll in the short-term disability program and have to miss work due to a non-work related illness or injury, you will be eligible to use your Personal Time Bank (PTB) and/or apply for a leave of absence under the Family Medical Leave Act (FMLA), if eligible, while you recover. Please note that once you have exhausted your PTB and your FMLA rights you will be required to return to work. In the event you are unable to return to work, your employment may be subject to termination.

### **Is there a Pre-Existing Condition clause?**

If you elect to opt-out of the short-term disability program during open enrollment and decide to enroll in a subsequent year, you will be subject to a pre-existing condition clause. Services will be considered pre-existing and not covered during your first six months of coverage if you received medical treatment, consultation, care or services including diagnostic measures, or took prescribed drugs or medicines in the three months just prior to your effective date of coverage. If you maintain continuous enrollment in the short-term disability program you will not be subject to the pre-existing condition clause. The pre-existing condition clause does not apply to calendar year 2014 enrollments.

### **Is the Return-To-Work process changing?**

No, employees who have been away from work due to a disability will still be required to obtain a doctor's note and check in with HPMC Occupational Health Services and their employer prior to returning to the work site, as per the applicable Return to Work procedure.

### **Is the Long-Term Disability program changing?**

The long-term disability program is not changing. This is a company-paid benefit for HEWT participants. Participants will continue to be automatically enrolled in the long-term disability program sponsored by the HEWT. If you become disabled due to a non-work related injury or illness, long-term disability benefits will begin on the 181<sup>st</sup> day of total disability. The monthly benefit from the long-term disability plan is 50% of the employee's monthly base pay up to a maximum of \$4,000 per month, reduced by all applicable reductions.